

Senate Joint Resolution No. 20

RESOLUTION CHAPTER 57

Senate Joint Resolution No. 20—Relative to taxation.

[Filed with Secretary of State July 7, 2010.]

LEGISLATIVE COUNSEL'S DIGEST

SJR 20, Alquist. Taxation: sale of principal residence: senior citizens.

Under existing law, capital gains taxes are imposed upon the sale of capital assets.

This bill would memorialize the Congress and the President to enact legislation that would increase the amount of gain that a senior citizen 65 years of age and older and who pays for long-term care costs is allowed to exclude from income, from \$250,000 to \$500,000, and from \$500,000 to \$750,000 for joint returns, from the sale of the qualifying principal residence of the senior citizen.

WHEREAS, Federal income tax laws impose capital gains taxes upon the sale of capital assets; and

WHEREAS, A taxpayer is allowed to exclude from income up to \$250,000, or \$500,000 for joint returns, of gain from the sale of a qualifying principal residence; and

WHEREAS, Seniors are subject to capital gains taxes on the sale of their home even if they move to assisted living units, where they may be subject to heavy upfront fees; and

WHEREAS, Many seniors pay for long-term care costs including, but not limited to, long-term care insurance premiums, entrance fees to assisted living facilities, continuing care retirement communities, and senior congregate living facilities, and make investments that, in the future would be used by the senior to pay for long-term care costs including, but not limited to, geriatric care management, home health care, home and community based services, or institutionalized care; and

WHEREAS, The death of a spouse creates a disparity in tax treatment in that an elderly couple is required to pay capital gains taxes upon the sale of their home but a surviving partner can reduce his or her capital gains by virtue of a stepped up basis in computing capital gains that is allowed upon the death of his or her spouse; now, therefore, be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the Legislature respectfully requests Congress and the President to enact legislation to increase the amount of gain that a senior citizen who is 65 years of age and older and who pays for long-term care costs is allowed to exclude from income, from \$250,000 to \$500,000, and from \$500,000

to \$750,000 for joint returns, from the sale of the qualifying principal residence of the senior citizen; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Majority Leader of the Senate, and to each Senator and Representative from California in the Congress of the United States.